

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

AMENDMENT OF POLICY PROVISIONS – VIRGINIA

I. Definitions

The following is added to the **Definitions** Section:

Throughout the policy, "minimum limits" refers to the following limits of liability as required by Virginia law, to be provided under a policy of automobile liability insurance:

1. \$25,000 for each person, subject to \$50,000 for each accident, with respect to "bodily injury"; and
2. \$20,000 for each accident with respect to "property damage".

Definition **K.** is replaced by the following:

K. "Newly acquired auto":

1. "Newly acquired auto" means any of the following types of vehicles you become the owner of during the policy period or, if this is a renewal policy, during the 30 days prior to this policy's effective date:
 - a. A private passenger auto; or
 - b. A pickup or van, for which no other insurance policy provides coverage, that is not used for business or commercial purposes other than farming or ranching.
2. A "newly acquired auto" will have the broadest coverage we now provide for any vehicle shown in the Declarations. Subject to the conditions stated in Paragraphs **3.** and **4.**, coverage begins on the date you become the owner. However, if the Declarations do not indicate that Coverage For Damage To Your Auto applies to at least one vehicle, Coverage For Damage To Your Auto will begin at the time you request the coverage.

If you ask us to add or continue coverage after any specified time period as stated in Paragraph **3.** or **4.** has elapsed, any coverage we provide for a replacement or additional "newly acquired auto" will begin at the time you request the coverage.

3. If a "newly acquired auto" **replaces** any vehicle shown in the Declarations:

- a. Any coverage provided in this policy, **except** Coverage For Damage To Your Auto, is provided for the replacement vehicle until the end of the policy period without your having to ask us to insure it. However, if this is a renewal policy and you become the owner of a replacement vehicle during the 30 days prior to this policy's effective date, you must ask us to insure it within 30 days after you become the owner.

- b. You must ask us to add or continue Coverage For Damage To Your Auto on the replacement vehicle within 30 days after you become the owner.

4. If a "newly acquired auto" is **in addition to** any vehicle shown in the Declarations, you must ask us to insure the additional vehicle within 30 days after you become the owner.

II. Part A – Liability Coverage

Part **A** is amended as follows:

- A.** The **Insuring Agreement** is replaced by the following:

INSURING AGREEMENT

We will pay damages for "bodily injury" or "property damage" for which any "insured" becomes legally responsible because of an auto accident. We will settle or defend, as we consider appropriate, any claim or suit asking for damages which are payable under the terms of this policy, even if any of the allegations of the claim or suit are groundless, false or fraudulent. In addition to our limit of liability, we will pay all defense costs we incur. We have no duty to defend any suit or settle any claim for "bodily injury" or "property damage" not covered under this policy.

"Insured" as used in this Part means:

1. You or any "family member" for the ownership, maintenance or use of any auto or "trailer".

2. Any person using or responsible for the use of "your covered auto".
3. For "your covered auto", any person or organization but only with respect to legal responsibility for acts or omissions of a person for whom coverage is afforded under this Part.
4. For any auto or "trailer", other than "your covered auto", any other person or organization but only with respect to legal responsibility for acts or omissions of you or any "family member" for whom coverage is afforded under this Part. This Provision (4.) applies only if the person or organization does not own or hire the auto or "trailer".

B. The Supplementary Payments Provision is replaced by the following:

We will pay on behalf of an insured:

1. Up to \$250 for the cost of bail bonds required because of an accident, including related traffic law violations. The accident must result in "bodily injury" or "property damage" covered under this policy.
2. Premiums on appeal bonds and bonds to release attachments in any suit we defend.
3. All costs taxed against an "insured" and all interest accruing after a judgment is entered in any suit we defend. Our duty to pay interest ends when we offer to pay that part of the judgment which does not exceed our limit of liability for this coverage.
4. Up to \$200 a day for loss of earnings, but not other income, because of attendance at hearings or trials at our request.
5. Other reasonable expenses incurred at our request.
6. General average and salvage charges for which any "insured" becomes legally responsible because of an auto being transported.
7. Prejudgment interest awarded against the "insured" on that part of the judgment we pay. If we make an offer to pay our limit of liability, we will not pay any prejudgment interest based on that period of time after the offer.

These payments will not reduce the limit of liability.

C. Exclusion A.6. is replaced by the following:

We do not provide Liability Coverage for any "insured":

6. While employed or otherwise engaged in the "business" of:
 - a. Selling;

- b. Repairing;
- c. Servicing;
- d. Storing; or
- e. Parking;

vehicles designed for use mainly on public highways. This includes road testing and delivery. This Exclusion (A.6.) does not apply:

- a. To the extent that this coverage provides the minimum limits of liability required by the Financial Responsibility Law of Virginia; and
- b. To the ownership, maintenance or use of "your covered auto" by:
 - (1) You;
 - (2) Any "family member"; or
 - (3) Any director, stockholder, partner, agent, or employee of you or any "family member".

D. The Limit Of Liability Provision is replaced by the following:

LIMIT OF LIABILITY

The limit of liability shown in the Declarations for each person for Bodily Injury Liability is our maximum limit of liability for all damages, including damages for care, loss of services or death, arising out of "bodily injury" sustained by any one person in any one auto accident. Subject to this limit for each person, the limit of liability shown in the Declarations for each accident for Bodily Injury Liability is our maximum limit of liability for all damages for "bodily injury" resulting from any one auto accident. However, subject to this limit of liability for each accident, when one auto accident involves more than one "insured" against whom claim is made or brought, the limit of liability shown in the Declarations for each person for Bodily Injury Liability applies separately to each "insured".

The limit of liability shown in the Declarations for each accident for Property Damage Liability is our maximum limit of liability for all "property damage" resulting from any one auto accident.

This is the most we will pay regardless of the number of:

1. "Insureds";
2. Claims made; or
3. Vehicles or premiums shown in the Declarations.

E. Paragraph **B.** of the **Out Of State Coverage** Provision is replaced by the following:

B. No one will be entitled to payment in excess of actual damages.

III. Part B – Medical Payments Coverage

Part **B** does not apply.

IV. Part D – Coverage For Damage To Your Auto

Part **D** is amended as follows:

A. Paragraph **A.** of the **Insuring Agreement** is replaced by the following:

A. We will pay for direct and accidental loss to "your covered auto" or any "non-owned auto", including their equipment, minus any applicable deductible shown in the Declarations. We will pay for loss to "your covered auto" caused by:

1. Other than "collision" only if the Declarations indicate that Other Than Collision Coverage is provided for that auto.
2. "Collision" only if the Declarations indicate that Collision Coverage is provided for that auto.

If there is a loss to a "non-owned auto", we will provide the broadest coverage applicable to any "your covered auto" shown in the Declarations.

B. The **Transportation Expenses** Provision does not apply.

C. Exclusion **6.** does not apply.

D. Exclusion **7.** is replaced by the following:

We will not pay for:

7. Loss to:

- a. A "trailer", camper body, or motor home, which is not shown in the Declarations; or
- b. Facilities or equipment used with such "trailer", camper body or motor home. Facilities or equipment include but are not limited to:
 - (1) Cooking, dining, plumbing or refrigeration facilities;
 - (2) Awnings or cabanas; or
 - (3) Any other facilities or equipment used with a "trailer", camper body, or motor home.

This Exclusion **(7.)** does not apply to a:

- a. "Trailer", and its facilities or equipment, which you do not own; or

b. "Trailer", camper body, or the facilities or equipment in or attached to the "trailer" or camper body, which you:

- (1) Acquire during the policy period; and
- (2) Ask us to insure within 30 days after you become the owner.

E. The following exclusion is added:

We will not pay for loss to "your covered auto" or any "non-owned auto" due to "diminution in value".

"Diminution in value" as used in this exclusion means the actual or perceived loss in market or resale value which results from a direct and accidental loss.

F. The **Limit Of Liability** Provision is replaced by the following:

LIMIT OF LIABILITY

A. Our limit of liability for loss will be the lesser of the:

1. Actual cash value of the stolen or damaged property; or
2. Amount necessary to repair or replace the property with other property of like kind and quality.

However, the most we will pay for loss to:

1. Any "non-owned auto" which is a trailer is \$1,500.
2. Electronic equipment that reproduces, receives or transmits audio, visual or data signals, which is permanently installed in the auto in locations not used by the auto manufacturer for installation of such equipment, is \$1,000.

B. An adjustment for depreciation and physical condition will be made in determining actual cash value in the event of a total loss.

G. The **Payment Of Loss** Provision is replaced by the following:

PAYMENT OF LOSS

We may pay for loss in money or repair or replace the damaged or stolen property. We may, at our expense, return any stolen property to:

1. You; or
2. The address shown in this policy.

If we return stolen property we will pay for any damage resulting from the theft. We may keep all or part of the property at an agreed or appraised value.

If we pay for loss in money, our payment will include:

1. The applicable state and local sales and use taxes for the damaged or stolen property at the time of loss; and
2. Any applicable titling and license transfer fees incurred in obtaining a replacement vehicle in the event of a total loss to a "your covered auto" or a "non-owned auto";

in addition to our limit of liability.

In the event of a total loss to a "your covered auto" or a "non-owned auto", we will satisfy any applicable salvage or disposal charges in addition to our payment.

- H. The Other Sources Of Recovery Provision is replaced by the following:**

OTHER INSURANCE

If other insurance also covers the loss, we will pay only our share of the loss. Our share is the proportion that our limit of liability bears to the total of all applicable limits. However, any insurance we provide with respect to a "non-owned" auto shall be excess over any other collectible insurance including, but not limited to:

1. Any coverage provided by the owner of the "non-owned auto";
2. Any other applicable physical damage insurance.

- I. The Appraisal Provision is replaced by the following:**

APPRAISAL

- A.** If we and you do not agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will select a competent and impartial appraiser. The two appraisers will select an umpire. The appraisers will state separately the actual cash value and the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will determine the amount of loss. However, such decision will not be binding. Each party will:

1. Pay its chosen appraiser; and
2. Bear the expenses of the appraisal and umpire equally.

- B.** We do not waive any of our rights under this policy by agreeing to an appraisal.

V. Part E – Duties After An Accident Or Loss

Part E is replaced by the following:

We have no duty to provide Liability Coverage or Coverage For Damage To Your Auto under this policy if the failure to comply with the following duties is prejudicial to us:

- A.** We must be notified promptly of how, when and where the accident or loss happened. Notice should also include the names and addresses of any injured persons and of any witnesses.
- B.** An "insured", as defined under Part A, seeking Liability Coverage, or any person seeking coverage under Part D, must:
1. Cooperate with us in the investigation, settlement, or defense of any claim or suit.
 2. Promptly send us copies of any notices or legal papers received in connection with the accident or loss.
 3. Submit, as often as we reasonably require, to examination under oath and subscribe the same.
 4. Authorize us to obtain other pertinent records.
 5. Submit a proof of loss when required by us.
- C.** An "insured", as defined under Part A, seeking Liability Coverage must also:
1. Submit, as often as we reasonably require, to physical exams by physicians we select. We will pay for those exams.
 2. Authorize us to obtain medical reports.
- D.** A person seeking Coverage For Damage To Your Auto must also:
1. Take reasonable steps after loss to protect "your covered auto" or any "non-owned auto" and their equipment from further loss. We will pay reasonable expenses incurred to do this.
 2. Promptly notify the police if "your covered auto" or any "non-owned auto" is stolen.
 3. Permit us to inspect and appraise the damaged property before its repair or disposal.

VI. Part F – General Provisions

Part F is amended as follows:

- A. The **Bankruptcy** Provision is replaced by the following:

BANKRUPTCY

Bankruptcy or insolvency of the "insured" or the "insured's" estate shall not relieve us of any obligations under this policy.

- B. The **Changes** Provision is replaced by the following:

CHANGES

1. This policy contains all the agreements between you and us. Its terms may not be changed or waived except by endorsement issued by us.
2. If there is a change to the information used to develop the policy premium, we may adjust your premium. Changes during the policy term that may result in a premium increase or decrease include, but are not limited to, changes in:
 - a. The number, type or use classification of insured vehicles;
 - b. Operators using insured vehicles;
 - c. The place of principal garaging of insured vehicles;
 - d. Coverages, deductibles, or limits.

If a change resulting from **1.** or **2.** requires a premium adjustment, we will make the premium adjustment in accordance with our manual rules.

3. If we make a change which broadens coverage without additional premium charge, that change will automatically apply to your policy as of the date we implement the change in your state.

- C. The **Legal Action Against Us** Provision is replaced by the following:

LEGAL ACTION AGAINST US

No legal action may be brought against us until there has been full compliance with all the terms of this policy. In addition, under Part A, no legal action may be brought against us until:

1. We agree in writing that the "insured" has an obligation to pay; or
2. The amount of that obligation has been finally determined by judgment after trial. If that judgment is returned unsatisfied, legal action may then be maintained against us for the amount of the obligation that does not exceed the limits of applicable coverage under this policy.

No person or organization has any right under this policy to bring us into any action to determine the liability of an "insured".

- D. Paragraph **B.** of the **Our Right To Recover Payment** Provision does not apply.

- E. The **Termination** Provision is replaced by the following:

TERMINATION

Cancellation

This policy may be cancelled during the policy period as follows:

1. The named insured shown in the Declarations, or his duly constituted attorney-in-fact, may cancel by:
 - a. Returning this policy to us; or
 - b. Giving us advance written notice of the date cancellation is to take effect.
2. We may cancel by mailing by registered or certified mail or United States Post Office certificate of mailing to the named insured shown in the Declarations at the address shown in this policy:
 - a. At least 10 days notice if the notice is mailed during the first 60 days this policy is in effect and this is not a renewal or continuation policy;
 - b. At least 15 days notice if:
 - (1) This policy has been in effect more than 60 days; and
 - (2) Cancellation is for nonpayment of premium; or
 - c. At least 45 days notice in all other cases.
3. After this policy is in effect for 60 days, or if this is a renewal or continuation policy, we will cancel only:
 - a. For nonpayment of premium;
 - b. If you or your duly constituted attorney-in-fact has notified us of a change in your legal residence to a state other than Virginia, and "your covered auto" will be principally garaged in the new state of legal residence; or
 - c. If your driver's license or that of:
 - (1) Any driver who lives with you; or
 - (2) Any driver who customarily uses "your covered auto";has been suspended or revoked. This must have occurred:
 - (1) During the policy period; or

- (2) If the policy is a renewal, 90 days immediately preceding the last effective date.

Nonrenewal

If we decide not to renew or continue this policy, we will mail notice, by registered or certified mail or United States Post Office certificate of mailing, to the named insured shown in the Declarations at the address shown in this policy. Notice will be mailed at least 45 days before the end of the policy period. Subject to this notice requirement, if the policy period is:

1. Less than 6 months, we will have the right not to renew or continue this policy every 6 months, beginning 6 months after its original effective date.
2. 6 months or longer, but less than one year, we will have the right not to renew or continue this policy at the end of the policy period.
3. 1 year or longer, we will have the right not to renew or continue this policy at each anniversary of its original effective date.

Automatic Termination

If we offer to renew or continue and you or your representative do not accept, this policy will automatically terminate at the end of the current policy period. Failure to pay the required renewal or continuation premium when due shall mean that you have not accepted our offer.

Other Termination Provisions

1. We may deliver any notice instead of mailing it. Proof of mailing of any notice shall be sufficient proof of notice.
2. If this policy is cancelled, you may be entitled to a refund. If so, we will send you the refund. If we cancel, we will refund you the pro rata unearned premium. If you cancel, we will refund you 90% of the pro rata unearned premium, computed according to our manuals. However, making or offering to make the refund is not a condition of cancellation.
3. The effective date of cancellation stated in the notice shall become the end of the policy period.

- F. The **Policy Period And Territory** Provision is replaced by the following:

POLICY PERIOD AND TERRITORY

This policy applies only to accidents and losses which occur:

1. During the policy period, which:
 - a. Begins from the date and time shown in the Declarations; and
 - b. Ends as of 12:01 a.m. Eastern Standard Time on the last day of the policy period shown in the Declarations; and
2. Within the policy territory.

The Policy Territory is:

1. The United States of America, its territories or possessions;
2. Puerto Rico; or
3. Canada.

This policy also applies to loss to, or accidents involving, "your covered auto" while being transported between their ports.

- G. The **Two Or More Policies** Provision is replaced by the following:

TWO OR MORE AUTO POLICIES

If this policy and any other auto insurance policy issued to you by us apply to the same accident, no one will be entitled to receive payment in excess of actual damages.

- H. The following provision is added:

TWO OR MORE AUTOS INSURED UNDER THIS POLICY

1. When two or more "your covered autos" are involved in the same accident or loss, the terms of this policy shall apply separately to each "your covered auto", including any applicable deductibles.
2. If an auto and an attached trailer are both insured under this policy and involved in the same accident or loss, they shall be considered:
 - a. One auto with respect to the limits of liability under Part A.
 - b. Separate autos under Part D.

VII. Miscellaneous Endorsements – Medical Expense And Income Loss Benefits Coverage

Any reference to **Part B – Medical Payments Coverage** or no-fault coverage in any attached endorsement is replaced with **Medical Expense And Income Loss Benefits Coverage**.